

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7334

BILL NUMBER: HB 1686

NOTE PREPARED: Mar 3, 2003

BILL AMENDED: Mar 3, 2003

SUBJECT: Regional district tax levy.

FIRST AUTHOR: Rep. Liggett

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED:

**GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill allows a regional water, sewage, or solid waste district to establish a cumulative improvements fund and levy a special benefits tax. The bill also makes related changes to the bonding authority of the district.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The special benefits tax is not eligible for property tax replacement credit (PTRC).

Explanation of State Revenues:

Explanation of Local Expenditures: This bill allows regional water, sewage, or solid waste districts created under IC 13-26 to establish a cumulative improvement fund to finance construction, additional construction, repair, or maintenance of the regional district's facilities, or for the purpose of financing or refinancing obligations incurred for the construction, additional construction, or repair of those facilities. This fund is to be financed by a special benefits tax levied on the real property in the district at a maximum rate of \$0.0667 per hundred dollars of assessed valuation of real property; the levy must be certified by the Department of Local Government Finance (DLGF). Districts may set a minimum tax of ten dollars per parcel and a statement processing charge.

Explanation of Local Revenues: According to the Indiana Department of Environmental Management (IDEM) there are 51 active regional water and sewer districts in 36 counties; three counties have separate districts for water and sewer.

Under this bill regional solid waste districts created under IC 13-26 would be able to establish cumulative improvement funds and levy the special benefits tax; since this bill does not amend IC 13-21 the authority

to establish a cumulative improvement fund and to levy the special benefits tax would not be granted to solid waste *management* districts created under IC 13-21. Solid waste districts created under IC 13-26 were usually absorbed by solid waste *management* districts created under IC 13-21, and there is some confusion about the number of regional solid waste districts still in existence. Those identified by IDEM as probably still being in existence, are the Columbus/Bartholomew Waste Disposal Authority (Bartholomew County); the Lake Michigan Solid Waste district in LaPorte, Porter, and Lake Counties; and the Clark/Floyd district.

The area served by each of these 54 districts in 48 counties is not currently known. In the 43 counties where water, sewer, and solid waste services were not served by separate districts it was assumed that the districts divided the county's AV between them and that the total AV for those districts was the county total AV. In those three counties with separate water, sewer, or solid waste districts it was assumed that the districts providing sewer services and the districts providing water services could each tax the county's AV separately, thus doubling or tripling the assessed valuation for the special benefits tax for those three counties.

The estimated total AV for the 51 regional districts was \$68.4 billion in CY 2002. The maximum levy is therefore the maximum rate of \$0.0667 per \$100 valuation times the estimated total AV, or \$45.6 million. The effect of a minimum tax of ten dollars or an additional processing charge cannot be estimated as data to estimate those effects are not available.

State Agencies Affected:

Local Agencies Affected: County auditors and treasurers; regional water and sewer districts

Information Sources: Indiana Department of Environmental Management

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